

**Statement of Senator Jon S. Corzine  
On Introduction of the “Financial Privacy Protection Act of 2005”  
Friday, July 29, 2005**

M. President, identity theft is a serious and growing concern facing our nation’s consumers. According to the Federal Trade Commission, nearly 10 million Americans were the victims of identity theft in 2003, which represents a tripling of the number of victims from just three years earlier. Research shows that there are more than 13 identity thefts every minute.

According to the Identity Theft Resource Center, identity theft victims spend on average nearly 600 hours recovering from the crime. Additional research indicates the costs of lost wages and income as a result of the crime can soar as high as \$16,000 per incident. No one wants to suffer this kind of hardship.

Technological innovation has delivered tremendous benefits to our economy in the form of increased efficiency, expanded access, and lower costs. And it’s spurred the creation on an entire industry of data collectors and brokers who profit from the packaging and commoditization of one’s personal and financial information. But, regrettably, this technology has also provided identity thieves with an attractive target, and relative anonymity, with which to ply their sinister trade.

While many sectors of our economy are affected, financial institutions face a particularly difficult challenge. By definition, the information they use to conduct their daily business is sensitive, because it is tied so closely to their customers’ finances. A breach of this data has the potential to cause large and damaging losses in a very short amount of time.

Events over the past several months have further served to highlight how serious this risk has become. The announcement not long ago by Citigroup that a box of computer tapes containing information on 3.9 million customers was lost by United Parcel Service in my own state of New Jersey while in transit to a credit reporting agency is the latest in a line of recent, high profile incidents. In fact, I myself was a victim of a similar loss of computer tapes by Bank of America earlier this year.

In both of these cases, Citigroup and Bank of America acted responsibly and notified possible victims in a prompt and timely manner. But this is not always the case. And both of these cases involved accidental loss – not even active attempts to steal personal financial information.

At the very least, M. President, consumers deserve to be made aware when their personal information has been compromised. Right now, they must hope that the laws of a few individual states, such as California, apply to their case, or that victimized institutions will act responsibly on their own.

In the event that an information breach does occur, the legislation I am introducing today, the “Financial Privacy Protection Act of 2005,” would require prompt notification of all victims in all cases, subject, of course, to the concerns of law enforcement agencies. Based on this notification, victims could then take immediate action to include an extended fraud alert in their credit files to minimize the damage done.

But on top of notification, customers need to know that if they trust a bank with their sensitive personal information—which they must do in order to engage in a financial transaction—that that bank will be doing everything in its power to protect their information.

For that purpose, the “Financial Privacy Protection Act of 2005” would also direct financial regulators, in concert with the Federal Trade Commission, to establish strong and meaningful standards for the protection of information maintained by financial institutions on behalf of their customers. Because these measures are so important, the chief executive officer or the chief compliance officer of every institution must personally attest as to the effectiveness of these safeguards.

M. President, it is imperative that we take action to combat the growing threat of identity theft. This crime harms individuals and families, and drags down our economy in the form of lost productivity and capital. We *can* do more and we *must* do more.

M. President, I ask unanimous consent that the text of the bill and my statement be included in the record.